

## Message Text

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ACTION AF-06

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 /078 W

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R 191411Z MAY 75

FM AMEMBASSY ADDIS ABABA

TO SECSTATE WASHDC 4512

INFO AMEMBASSY NAIROBI

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E.O. 11652: N/A

TAGS: ECON EINV ET

SUBJECT: STATUS OF NATIONALIZED US INTERESTS IN ETHIOPIA

REF: ADDIS 2029 AND PREVIOUS

1. AS IT WILL SOON BE SIX MONTHS SINCE THE EPMG NATIONALIZED AMERICAN INTERESTS IN THE ETHIOPIAN AMERICAN LIFE INSURANCE COMPANY (JAN. 7, 1975), THE EMBASSY WISHES TO BRING THE DEPARTMENT UP TO DATE ON THE CURRENT STATUS OF AMERICAN FIRMS AFFECTED BY THE EPMG NATIONALIZATION PROGRAM.

2. THE EMBASSY HAS RECENTLY HELD DISCUSSIONS WITH SENIOR REPRESENTATIVES OF ALL AMERICAN FIRMS AFFECTED BY NATIONALIZATION EXCEPT ETHIOPIAN SPICE EXTRACTION COMPANY (THE AMERICAN REPRESENTATIVE, KARL SANDELIN, WILL BE IN ADDIS FOR DISCUSSIONS NEXT WEEK). THESE REPRESENTATIVES WITHOUT EXCEPTION HAVE INDICATED THEIR PREFERENCE TO AWAIT CLARIFICATION OF EPMG'S INTENTIONS REGARDING COMPENSATION AND FUTURE BUSINESS RELATIONSHIPS. THEY HAVE ALSO EXPRESSED THE VIEW THAT THE EMBASSY NEED NOT MAKE REPRESENTATIONS ON THEIR BEHALF AT THIS TIME.

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3. DURING COURTESY CALLS ON THE MINISTER OF FINANCE AND

THE GOVERNOR OF THE NATIONAL BANK THE AMBASSADOR HAS FULLY EXPLAINED THE PROVISIONS OF US LAW WHICH BEAR ON THE NATIONALIZATION OF US PROPERTY. BOTH OFFICIALS EXPRESSED THEIR UNDERSTANDING OF THE US POSITION AND INDICATED THAT THEY FORESAW NO SIGNIFIANT DIFFICULTIES IN ARRIVING AT MUTUALLY ACCEPTABLE AGREEMENTS REGARDING COMPENSATION FOR NATIONALIZED AMERICAN INTERESTS ALTHOUGH THEY WERE DOUBTFUL THAT THE EPMG WOULD HAVE DEVELOPED ITS PROPOSALS BY JULY 1. THE AMBASSADOR ALSO PLANS TO DISCUSS THIS MATTER DURING HIS NEXT CALL ON THE MINISTER OF FOREIGN AFFAIRS.

4. EUROPEAN COMMUNITY COUNTRIES ARE OF COURSE MUCH MORE SEVERELY AFFECTED THAN IS THE US. ON MAY 13 THEY SENT A SECOND JOINT DIPLOMATIC NOTE TO THE EPMG (BEING REPORTED BY SEPTTEL) AND HAVE BEEN EXERTING BILATERAL PRESSURES FOR SOME TIME. THEIR EFFORTS MAY BE OF SOME HELP IN INDUCING THE EPMG TO REACH BASIC DECISIONS ON COMPENSATION, DEGREE OF MANAGERIAL CONTROL, ETC.

5. BECAUSE OF THE RATHER LARGE NUMBER OF FOREIGN ENTERPRISES AFFECTED AND THE LACK OF ADEQUATE PLANNING BEFORE THE NATIONALIZATION PROGRAM WAS ANNOUNCED, IT WILL ALMOST CERTAINLY TAKE THE EPMG LONGER THAN SIX MONTHS FROM THE DATES OF VARIOUS NATIONALIZATIONS TO DEVELOP ITS PROPOSALS FOR COMPENSATION. IN VIEW OF THE FACT THAT AMERICAN INTERESTS ARE NOT CURRENTLY PRESSING FOR IMMEDIATE PROPOSALS FROM THE EPMG, AND IN VIEW OF THE EPMG'S APPARENT GOOD FAITH IN TRYING TO WORK OUT IS COMPENSATION POLICIES, THE EMBASSY DOES NOT INTEND, UNLESS OTHERWISE INSTRUCTED, TO TAKE FURTHER STEPS FOR THE PRESENT REGARDING THIS MATTER BEYOND AMBASSADORIAL DISCUSSIONS WITH GOVERNMENT OFFICIALS AS APPROPRIATE.  
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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Authority:** johnsorg  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
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**To:** STATE  
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